



State of New Jersey
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October 14, 2022

Members of the Assembly Telecommunications and Utilities Committee
Statehouse Annex
P.O. Box 098
Trenton, N. J. 08625

RE: A4328/S2848 (Revises criteria for remote net metering program established by BPU.)

Members of the Assembly Telecommunications and Utilities Committee:

I write on behalf of the Division of Rate Counsel regarding A4328/S2848 (Revises criteria for remote net metering program established by BPU.), which is up before the committee on October 17, 2022. I regret that I will not be able to attend the meeting, but hope you will consider our comments. **We have concerns that this bill could have significant financial impacts on ratepayers. We expressed our concerns about this bill in a letter to the Senate Budget and Appropriations Committee on June 24, 2022, and our position has not changed. We urge you not to pass this bill out of committee.**

As you are aware, Rate Counsel represents and protects the interests of all utility customers – residential customers, small business customers, small and large industrial customers, schools, libraries, and other institutions in our communities. Rate Counsel is a party in cases where New Jersey utilities seek changes in their rates or services. Rate Counsel also gives consumers a voice in setting energy, water, and telecommunications policy that will affect the rendering of utility services well into the future.

This bill would significantly expand the scope of the Board's remote net metering program for public entities, which will result in additional costs to ratepayers. The Board's current program was implemented in accordance with Section 6 of the Clean Energy Act of 2018 ("CEA"), P.L. 2018, c.17. This program allows a public entity to act as a host customer for a net metered solar facility, and allocate some of the net metering credits to other public entities located within the same electric public utility service territory. The current program, as implemented by the Board, is subject to two important limitations: (1) the facility must be located on property containing at least one electric meter of the host customer, and (2) must be limited in size based upon the total annual usage of the host customer's electric public utility accounts.

This bill would eliminate both of the current limitations. The solar facility could be located anywhere within the service territory of the electric utility providing service to the host customer, and could be sized based on the total usage of the total aggregate electric usage of all of the public entities to be allocated net metering credits, up to four megawatts. In effect, this would allow the receipt of net metering credits by a significant number of solar projects that would otherwise be considered grid supply. Net metering credits are a form of subsidy that are paid for by other ratepayers. In New Jersey, net metering customers receive credits based on a “full retail” rate that includes both generation and distribution service. As a result, rates must be raised for other ratepayers to cover net metering customers’ share of the cost of maintaining and operating the utilities’ electric distribution systems.

In addition to the issues named above, the bill would eliminate two important safeguards. First, the bill would require the Board to issue implementing regulations that would take effect immediately upon publication, without an opportunity for public comment, and would remain in effect for 365 days. This provision would impair the Board’s ability to assure that the implementing regulations recognize the interests of all stakeholders. Second, contracts entered into by public entities pursuant to the legislation would be exempt from public advertisement and competitive bidding. This could result in contracts that do not allocate sufficient benefits to the public entities.

Rate Counsel supports renewable energy efforts, but they must be done in the most cost-effective way. We continue to be concerned about the increased rate impacts on New Jersey’s residents and businesses and their ability to pay for basic living necessities in addition to continued increases in their energy bill. As committee members are aware, in recent months energy prices have dramatically increased. While focus has been on the recent natural gas increases of as much as \$30 more per month, volatile market prices and Russia’s war with Ukraine, has had a ripple effect on other energy costs including electric. In addition, as many committee members know, the COVID-19 pandemic is still impacting New Jersey households, families and businesses. There are still nearly 1 million electric and gas utility accounts that remain in arrears as of June 2022 and many ratepayers still face the possibility of having their utilities shut-off. The impacts of the COVID-19 pandemic serve as a stark reminder of the hardships that can result from increased energy costs and why affordability must be part of the equation. Higher prices for energy will also affect New Jersey businesses. New Jersey’s high electric rates already are a disincentive for businesses to move to or remain in the State.

We encourage the Committee to look at the whole picture as legislation continues to layer dollars upon dollars in increases on New Jersey residents and businesses.

We hope you will consider our comments and not vote this bill out of committee. Please let us know if you have any questions. We very much appreciate the opportunity to share our

comments on behalf of the State's ratepayers. Please feel free to contact our office if you have any questions. Thank you for your attention to these important matters.

Sincerely,

/s/ Brian O. Lipman

Brian O. Lipman, Esq.

Director, Division of Rate Counsel

- c: Athina Fassu, chief of Staff, Chairman/Assemblyman DeAngelo
- Catherine Suarez, Chief of Staff, Vice Chair/Assemblyman Calabrese
- Joseph Pezzulo, OLS Aide
- Andrew McAllister, Democratic Aide
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- Joey Guerrentz, Democratic Policy Analyst, Sen. Smith
- Christine Mosier, Chief of Staff, Senator Smith
- Jessica Murray, Chief of Staff, Senator Greenstein
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